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Foreign loan inflows surge by a quarter

By Khaleeq Kiani

ISLAMABAD: Foreign assistance inflows to Pakistan increased by more than 25 per cent to $4.5 billion in July-December 2025-26, mainly on the back of programme support of the International Monetary Fund (IMF).

The total inflows (excluding IMF), both loans and grants, in the first six months of the current fiscal year, amounted to $4.507bn, up from $3.603bn last year, an increase of 25pc. Inflows in December alone amounted to $1.475bn, uplifting total flows by more than 48pc from $3.032bn in five months.

Inflows in December 2025 were almost 59pc higher than the $930m in December 2024 and significantly greater than the $511m in November and $471m in October 2025.

These inflows do not include $1.2bn disbursed by the International Monetary Fund (IMF) earlier this month, bringing the cumulative inflows in 6MFY26 to $5.7bn.

Of the total, foreign loan inflows in 6MFY26 amounted to $4.445bn, up from $2.673bn in the corresponding period last year, an increase of over 66pc. Grants, on the other hand, amounted to just $62.5m, compared to $99m in December last year, showing a 37pc fall.

The target for total foreign inflows for FY26 has been set at $19.9bn, up from $19.4bn last year.

The Ministry of Economic Affairs on Tuesday said it had received $4.507bn in total foreign inflows in the first six months of the year, compared with $3.603bn in the same period last year.

The EAD said that of the $4.507bn in inflows, $1.726bn were received for project financing, while non-project inflows amounted to $2.781bn.

This meant about $1.628bn loans were received in six months for budget support. This is despite the annual budget support target being set at $13.5bn, down from $15bn last year.

The authorities were also able to mobilise $600 m against the Saudi Oil facility in six months, at a set rate of $100 m per month, against an annual target of $1 bn.

Against a full-year target of $5bn from multilaterals (excluding IMF), Pakistan received only $1.967bn in 6MFY26 from multilateral lenders, down from $1.864bn in the same period last year, when the annual target was $4.5bn. Total inflows from bilateral lenders (excluding three strategic friendly countries) in 6MFY26 amounted to $1.072m, against an annual target of $1.36bn, but were 235pc higher than $312m in the same period last year, when the full-year target was $523m.

Total inflows from bilateral and multilateral lenders amounted to $3.04bn in 6MFY26, against the annual target of $6.4 bn. Last year, the government had secured $2.172bn from bilateral and multilateral sources, falling short of the yearly target of $5.05bn.

The World Bank took over the top multilateral lender, with $802m in disbursements in the first half, up from $492m last year, a 63pc surge. Conversely, the Asian Development Bank dropped to second place with $609m in disbursements this fiscal year, a 63pc fall from last year's $373m. The Islamic Development Bank increased its disbursements to $535m in the first six months of this year, a 234pc increase, mostly ($484m) in short-term credit to make up for lower commercial loans from foreign banks.

Inflows from overseas Pakistanis increased to $1.2bn in 6MFY26, up from $928m last year, in the form of Naya Pakistan Certificates.

JEWELLERY sales have plunged 70-80pc due to consistent surge in the cost of yellow metal, claim dealers.—APP/file

Gold hits record Rs506,362 per tola

By Aamir Shafaat Khan

KARACHI: A whopping jump of $127 per ounce in the international market to $4,840 per ounce pushed the domestic gold (24 karat) rate to Rs506,362 per tola on Wednesday, the highest in the country's history, after an increase of Rs12,700 per tola from Tuesday's price.

The record-high rate has added to the burden on gold jewellery buyers during the ongoing peak wedding season, while investors appear upbeat over the sharp rally triggered by geopolitical tensions, ongoing tariff wars and US President Donald Trump's efforts to control Greenland.

According to rates issued by the All Pakistan Sarafa Gems and Jewellers Association (APSGJA), based on interbank exchange rates, the domestic 10-gram gold rate rose to Rs434,123, up by Rs10,888 from Tuesday.

On Jan 1, the 10-gram and one-tola gold rates stood at Rs234,568 and Rs273,600, respectively, based on the global gold rate of $2,624 per ounce. To date, prices of 10-gram and one-tola gold have surged by Rs199,555 and Rs232,762, respectively, while the international price has climbed by $2,216 per ounce.

Gold currently leads in terms of returns among select asset classes, with stocks in second place.

It has been observed that local gold prices have shown wide disparities in the past between the official rates announced by the association and open market rates prevailing at jewellery shops. However, on Wednesday, jewellers were offering gold at Rs503,000-505,500 per tola, lower than the association's rate of Rs506,362.

"The price difference between the association and market rates depends on demand and supply," APSGJA President Qasim Shikarpuri said, adding that investors were currently driving the gold market rather than jewellery buyers.

"Investors all over the world and in Pakistan are selling dollars to buy gold," he said, adding that central banks in various countries were also making large purchases of the yellow metal.

He said there was no shortage of gold in the market despite heavy investor interest, claiming that the per-tola gold rate in Pakistan was selling under cost by Rs25,000 compared to rates in Dubai.

Silver

In contrast, investors are also active in purchasing silver, which is currently in short supply due to high demand and is available at a hefty premium.

The one-tola silver (24 karat) rate rose to Rs9,933, up by Rs64 per ounce, while the 10-gram rate climbed to Rs8,515, up by Rs54 per ounce, in line with a slight increase in the world silver price to $94.58 per ounce, up by $0.64.

"Silver is available at Rs14,500 instead of Rs9,933 per tola due to huge demand coupled with its shortage in the market, not only in Pakistan but also in Dubai," Mr Shikarpuri said, adding that speculation was underway in the silver market.

Meanwhile, All Karachi Jewellers and Manufacturers Association President Mohammad Haseen Qureishi recalled that silver was not available at Rs15,000 per tola on Tuesday, while on Wednesday its price was hovering between Rs13,500 and Rs14,000, depending on availability.

Scheme for electric vehicles launched

By Kalbe Ali

ISLAMABAD: The government has launched a scheme to promote electric vehicle mobility across the country.

The Pakistan Accelerated Vehicle Electrification (PAVE) scheme aims to accelerate the country's transition towards clean, affordable and sustainable transportation, reduce reliance on fossil fuels and support the growth of domestic electric vehicle manufacturing.

Under the scheme, a total subsidy of Rs100.36 billion will be provided over five years, until 2030, for electric bikes, rickshaws, loaders, cars, buses and trucks. The Engineering Development Board (EDB), an attached department of the Ministry of Industries and Production, is currently implementing Phase-I of the Prime Minister's Electric Vehicle Adoption Scheme under the New Energy Vehicles Policy (NEVP) 2025-30.

Phase-I provides financial and capital subsidy support for a total of 41,000 electric vehicles nationwide, including 40,000 electric bikes and 1,000 electric rickshaws and loaders.

Building on this momentum, Phase-II of the scheme will extend facilitation to an additional 78,170 electric vehicles, involving a total subsidy of Rs8.95bn during 2025-26.

Under the self-finance scheme, successful applicants pay the full cost of the e-bike to the manufacturer, after which a subsidy of up to Rs80,000 is reimbursed directly into the applicant's account by the State Bank following verification.

Under the bank lease scheme, two-wheeler and three-wheeler electric vehicles will be provided by the government on easy instalments at subsidised rates.

Following the formal launch of Phase-I, the capital subsidy disbursement process has commenced, marking the scheme's progression into the operational stage. Subsidies have already been transferred to the first set of verified applicants under both the self-finance and bank lease schemes.

The scheme is being implemented through close coordination among the EDB, Ministry of Industries and Production, State Bank, Punjab Information Technology Board, Nadra, participating banks, and approved original equipment manufacturers to ensure robust digital verification, transparency and timely release of subsidies to beneficiaries.

T-bill yields cut to single digits after four years

Hopes for further softening of monetary policy amplified

By Shahid Iqbal

KARACHI: The government on Wednesday reduced the cut-off yields on treasury bills by up to 31 basis points, bringing the yields for most tenors below 10 per cent for the first time in over four years.

The yields on three-month and six-month T-bills have now returned to single-digit levels, a milestone last seen in November 2021. The 12-month tenor cleared marginally higher at 10pc.

The returns on T-bills generally align closely with the State Bank of Pakistan's policy rate. Several surveys and analysts suggest that the central bank could reduce the benchmark interest rate by 50 to 100 basis points in the next Monetary Policy Committee meeting.

The reductions in the T-bill rates were as follows: 31bps for the one-month paper, bringing the yield to 9.8pc; 26bps for the three-month tenor, down to 9.89pc; 22bps for the six-month bills, bringing them to 9.94pc; and 16bps for the 12-month papers at 10pc.

In the previous auction, held on Jan 7, the government had also reduced cut-off yields by 29bps for the one-month T-bills, 34bps for the three-month papers, 32bps for the six-month bills, and 33bps for the 12-month tenor.

A report from Arif Habib Ltd noted that the return of single-digit cut-off yields marked the first such occurrence in four years, with the last instance being in November 2021.

The government raised a total of Rs725.7bn in Wednesday's auction, against a total of Rs1.85 trillion in bids. However, more funds were raised through non-competitive bids than through competitive bids. The government secured Rs293.2bn through competitive bids, with Rs432.5bn raised via non-competitive bids. Of the Rs293.2bn raised through competitive bids, Rs236bn was allocated to the 12-month T-bills.

The double reduction in T-bill yields, along with a 70bps cut in the return on Pakistan Investment Bonds (PIBs), is seen as a clear signal in the financial sector that the central bank may soon cut interest rates.

The SBP will announce its monetary policy on Jan 26. Given the significant drop in inflation, the financial sector is anticipating a potential rate cut of up to 100bps.

"The downward movement reflects cooling inflation expectations, improving macroeconomic stability, and a decidedly dovish monetary policy outlook amid expectations of continued easing by the State Bank," said the AHL report.

In the last auction, the government raised Rs979.3bn through T-bills and Rs108bn through PIBs, totalling Rs1.087tr.

Compared to last year, government borrowing has accelerated despite a stronger growth in revenue collection during the first half of the current fiscal year. The revenue collected during this period was 10 per cent higher than in the same period of the previous fiscal year. However, the Federal Board of Revenue faced a Rs331bn shortfall against the projected target during July-December 2025-26.

Fitch affirms Pakistan's debt ratings at 'B-'

ISLAMABAD: Fitch Ratings, one of the world's top three agencies, on Wednesday affirmed Pakistan's long-term debt ratings at 'B-' (B-negative), which it had upgraded in April last year, and assigned a Recovery Rating of 'RR4' following the removal of the ratings from Under Criteria Observation (UCO).

In a statement issued from its regional office in Hong Kong, the agency said the rating actions reflect the application of Fitch's new Sovereign Rating Criteria, effective September 2025, and the inclusion of recovery assumptions into sovereign debt ratings for the first time.

The recovery rating RR4 denotes 'average' recovery expectation from default in a scale of six categories, starting from RR1 for outstanding, RR2 for superior, RR3 for good and RR4 for average. This is followed by RR5 for below average and RR6 for poor.

The senior unsecured long-term debt ratings of Pakistan and The Pakistan Global Sukuk Programme Company Ltd are equalised with Pakistan's Long-Term Foreign-Currency Issuer Default Rating (IDR), reflecting Fitch's expectation of average recovery prospects in a default scenario, given Pakistan's high levels of general government debt and interest payments as a percentage of revenue, and the absence of any other clearly identifiable criteria factors that would cause us to notch the debt ratings up or down from the IDR.

On April 15, 2025, Fitch upgraded Pakistan's Long-Term Foreign-Currency IDR to 'B-' with a stable outlook, from 'CCC+'. In terms of environmental, social, and governance (ESG) key rating drivers for the Long-Term Foreign-Currency IDR and, in turn, the debt ratings, Pakistan has an ESG Relevance Score of '5' for political stability and rights and for the rule of law, institutional and regulatory quality and control of corruption, as is the case for all sovereigns.

These scores reflect the high weight that World Bank Governance Indicators (WBGI) have for sovereign rating model. Pakistan has a WBGI ranking at the 22nd percentile. The bond and sukuk ratings are sensitive to any changes in Pakistan's Long-Term Foreign-Currency IDR, which could change with sensitivities.

It notes that factors that could individually or collectively lead to a negative rating for downgrade include failure to keep government debt and debt-servicing metrics on a firm downward path, renewed deterioration in external liquidity conditions, for example, from delays in IMF programme reviews or insufficiently tight economic policy settings.

On the other hand, factors that could rating upgrade include significant declines in government debt and debt-servicing burdens, for example due to the implementation of fiscal consolidation plans in line with IMF programme commitments, leading to structural improvements in tax revenue generation and further significant easing of external financing risks, including evidence of greater ability to source external funding and a sustained recovery in foreign-currency reserves beyond Fitch's forecasts.— Khaleeq Kiani

Taxes, power tariffs to be cut soon: Haroon

Made in Pakistan expo to begin on 24th in Lahore

By Our Staff Reporter

ISLAMABAD: Special Assistant to the Prime Minister Haroon Akhtar Khan on Wednesday said the government was planning to reduce taxes on industries and that the electricity tariff would be lowered soon.

Addressing a news conference, Mr Khan said that macroeconomic stability has largely been achieved and that the government's focus was now on promoting micro, small and medium enterprises (MSMEs).

He emphasised that MSMEs are the backbone of Pakistan's economy, playing a critical role in employment generation, production, and exports.

"The government has placed MSMEs at the centre of national development, with a clear priority to ensure that economic policies reach every district and every small business across the country," the special assistant said.

He highlighted that the capital value of an SME ranges between Rs30 million and Rs150m, but the core strength of our economy is with the micro enterprises, and we need to mainstream them."

He highlighted that the main issues faced by MSMEs were a lack of access to financing, as banks do not provide loans to this segment, and a lack of information on marketing their products.

He said that the Small and Medium Enterprises Development Authority (Smeda) has been reorganised and its new head has been appointed.

The special assistant added that consultations with SME clusters nationwide have been completed, and a comprehensive SME policy has been formulated with representation from all provinces and regions.

The SAPM announced that the "Made in Pakistan SME Cluster Showcase Expo 2026" will be held from Jan 24 to 26 at the Expo Centre Lahore.

He described the event as Pakistan's national platform for small businesses, featuring over 30 SME cluster pavilions and participation from 174 representatives.

Equities falter after record-setting spell at PSX

By Muhammad Kashif

KARACHI: Having scaled a new peak above the 188,000-point barrier overnight, the bears snapped the record-setting spell at the Pakistan Stock Exchange (PSX) on Wednesday as investors indulged in profit-taking, forcing the benchmark KSE-100 index to close in the red amid extreme volatility in the absence of any positive triggers.

According to Topline Securities Ltd, the local bourse witnessed a bout of profit booking as investors sought to maximise recent gains, leading to a volatile trading session. The benchmark index swung sharply, posting an intraday high of 901 points, a low of 1,994 points, and eventually settling at 187,033.27, down 1,588.51 points or 0.84 per cent, as cautious sentiment dominated.

Heavyweights such as Pakistan Petroleum, Sazgar Engineering Works, and National Bank of Pakistan provided some respite, collectively contributing 135 points to the index. However, selling pressure in Meezan Bank, Engro Holdings, MCB Bank, Habib Bank, and Systems Ltd outweighed these gains, cumulatively shaving 792 points off the benchmark.

Despite a bearish trend, market participation remained robust, with total volume rising 8.14pc to 1.32 billion shares, and the traded value increasing 8.89pc to Rs69.5bn. K-Electric topped the volume chart with 263 million shares.

Arif Habib Ltd (AHL) noted that, despite opening on a strong footing, the PSX came under selling pressure, with profit-takers capitalising on elevated levels, dragging the index into negative territory by the close.

On the corporate side, Lotte Chemical Pakistan Ltd announced an interim cash dividend of Rs5 per share for the year ending Dec 31, 2025.

On the macro front, Fitch Ratings affirmed Pakistan's long-term sovereign rating at 'B-' and assigned a Recovery Rating of 'RR4', following the removal of the ratings from 'Under Criteria Observation'. The action reflects the application of Fitch's new Sovereign Rating Criteria, effective September 2025.

Analysts expect the market to consolidate within the 185,000-190,000 range before resuming any further upside, with 185,000 acting as the first key support level.

PAKISTAN STOCK EXCHANGE

THE TOP FIVERS

GAINERS		LOSERS		LEADERS*	
PIA Holding CoB	301.17	Rafhan Maize	119.40	K-Electric	263.23
Unilever Foods	100.16	Khyber Textile	81.05	Hascol Petroleum	100.76
Sazgar Engineering	54.94	Nestle Pakistan	63.51	Fauji Foods	74.97
Pakistan Engg	44.57	Indus Motor Co	59.65	Lotte Chemical Pak	69.46
Sapphire Textile	18.57	Service Industries	43.72	Worldcall Telecom	42.54

(Share values in rupees) * Volume in millions of traded shares

ACTIVITY

Total listed	532
Active	488
Gainers	118
Losers	331

PARTICIPANTS

Foreign	▼$2.25m
Companies	▼$5.68m
Banks	▼$0.14m
Mutual Funds	▼$2.61m
Individuals	▲$11.58m

INDICATORS

	Wednesday	Previous		Change
KSE 100-SHARE INDEX (Points)	187,033.27	188,621.78	▼	1,588.51
KSE 30-SHARE INDEX (Points)	57,253.65	57,731.36	▼	477.71
MARKET CAPITAL (Rs billion)	21,133.658	21,304.782	▼	171.124
TRADING VALUE (Rs billion)	69.582	63.897	▲	5.685

US DOLLAR BUYING Rs280.37 SELLING Rs281.18
EURO BUYING Rs328.20 SELLING Rs331.30
GBP BUYING Rs376.35 SELLING Rs379.89
UAE DIRHAM BUYING Rs76.53 SELLING Rs77.31
KSA RIYAL BUYING Rs74.84 SELLING Rs75.46
GOLD TOLA Rs506,362 10 GMS Rs434,123